

ALBANIA

Capital: Tirana

GDP per capita (PPP): \$3,000 (2000 est.)

Population: 3,510,484 (July 2001 est.)

Foreign Direct Investment: \$43,000,000

Inflation: 1% (2000 est.)

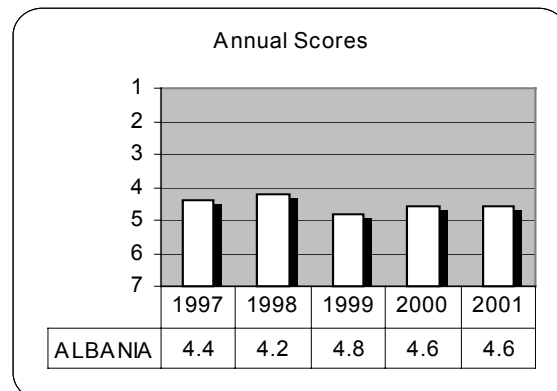
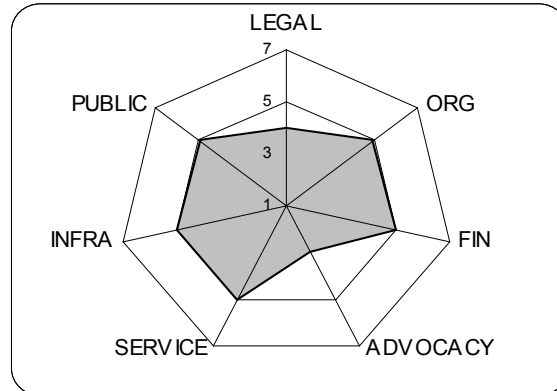
Unemployment: officially 16% (2000 est.)
(may be as high as 25%)

OVERALL RATING: 4.6

Albania continued its return towards normalcy over the past year. The Kosovo crisis is now a memory, a new NGO law was passed, public order was further strengthened, and national Parliamentary elections were held which were considered by OSCE and the Council of Europe as relatively free, fair and peaceful.

It is believed that there are currently between 400 and 800 NGOs in Albania, approximately 250 of which are active. The strongest NGOs are those engaged in advocacy, youth issues and civic education. Women's organizations are also strong, but few in number.

The overall outlook for the sector is mixed. While the new NGO law is liberal and progressive, its implementation and impact remain uncertain. A new NGO coalition on anti-corruption has been formed but it is too early to assess its effectiveness. Capacity building for the NGO sector has been introduced but, again, it is too early for evaluation. Even the strongest NGOs remain donor driven and dependent as a result of the constricted Albanian economy and the absence of an Albanian history of individual and corporate philanthropy.



LEGAL ENVIRONMENT: 4.0

On paper, at least, the NGO legal environment in Albania improved significantly in 2001 with the passage of the new Law on Nonprofit Organizations, the Law on the Registration of Nonprofit Organizations, and accompanying Civil Code amendments. While the new NGO legislation is perceived as very favorable to the

NGO sector, the lack of clear regulations based upon the legislation and the subsequent implementation of those regulations remain unclear.

The package of new NGO legislation contains excellent substantive criteria relating to NGO registration. One potential

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drawback is the requirement that all NGOs register in Tirana. However, this central registration requirement should make it fairly easy in the coming years to gather reliable data on how many NGOs are in Albania and in what sectors they are operating.

NGOs and their representatives are generally able to operate free from harassment by central and local government. There are reports of enforcement actions by the tax police, but this may be due more to ambiguities in the tax laws than state “harassment” of the sector.

There are a large number of local lawyers,

government officials and judges familiar with the NGO sector. However, most lawyers and others are in Tirana. Legal advice outside of Tirana is limited and insufficient to meet demand.

NGOs serving the public benefit are entitled to tax exemptions, and limited tax deductions exist for corporate and individual donors. NGOs typically do not pay taxes on grants.

The new legislation allows NGOs to earn income from the provision of goods and services. It also lays the groundwork for NGOs to compete for government contracts and procurements.

ORGANIZATIONAL CAPACITY: 5.0

On the whole, there has been little change in terms of organizational capacity in the NGO sector over the past year. Programs aimed at filling the gaps in training and organizational development within specific sectors of the NGO community have begun recently.

With few exceptions, Albanian NGOs remain donor-driven and donor-dependent. Organizations change their missions to be eligible for grants rather than using their missions as a tool to build a constituency. Constituency building remains one of the weaker elements of NGO organizational capacity.

NGOs are still characterized by limited use of volunteers. There is little to offer in training for the volunteers and for those who recruit and manage them. Most NGOs are mission-specific organizations as opposed to broad-based community

organizations. There is very little understanding of how to involve and work in communities. Donors in Albania offer little training and technical assistance to build the community development capacity of NGOs.

NGOs remain weak in strategic planning, management structures, staffing, and technical advancement. Board members tend to have little preparation for their role; many are there simply because they are paid. A few NGOs are seeking training to set up new boards or train the existing ones on volunteer principles. The boards of most organizations, however, have little understanding of their relationship with an executive staff and still tend to revolve around a single strong leader. Delegation of authority remains the odd exception and occurs primarily in Tirana.

FINANCIAL VIABILITY: 5.0

The NGO sector remains highly dependent on foreign donors for grants and as

customers of their services. Donor funding, however, has been falling dramatically

since the end of the Kosovar refugee crisis.

There are few opportunities to raise funds locally. Business is nascent and the government continues to face major financial, infrastructural and social problems with a minimum of financial and human resources. While the legal framework has been modified to offer incentives to businesses to support charitable activities, how this will work in practice remains to be seen. For the vast majority of NGOs,

financial viability remains a dream.

Diversification of funding, financial management systems, fundraising abilities and possibilities for earned income are still widely lacking in the sector. Donors offer little oversight of their grants that could serve as a training period. In turn, financial mismanagement is fairly widespread, showing that the NGO sector is not immune from the corruption that pervades the country.

ADVOCACY: 3.0

The most successful and developed NGOs have strong advocacy skills, although these are often based upon strong leadership and the relationships built between the NGOs and the government, whether local or central. NGOs are increasingly active in the formation of government policy and have continued to establish good working relationships with ministries and local governments. While NGO-government relationships continue to improve, they remain at a rudimentary level.

there is hope that there will be greater opportunities for NGOs to receive some financing from local governments. Given the past history of NGOs working with local authorities on issues such as regional economic strategies, prioritizing local development needs, raising environmental awareness, and providing health services and leisure facilities, the trend in greater NGO/local government partnerships is likely to grow as the decentralization process continues.

With financial decentralization pending,

SERVICE PROVISION: 5.0

The new NGO law allows NGOs to provide a full range of goods and services, but how this will work out in practice remains to be seen. The role NGOs can play in the provision of services is little understood by the central government; progress has been better at the local level. To be fair to both the central government and the NGO sector, neither party has a clearly articulated policy on government/NGO partnership.

Lack of service provision also reflects donor policy. Few international donors offer grants or technical assistance to support

Albanian NGOs in providing services to their membership or the general public.

Since the Kosovo crisis, the number of NGOs working in service delivery has increased, though delivery remains insufficient to meet demand. Most of the newer social services NGOs are outside Tirana. However, most of the projects undertaken are short term and involve little community involvement, making the NGOs involved difficult to sustain. The NGOs lack project and financial management skills and are generally poor in cost recovery efforts.

INFRASTRUCTURE: 5.0

Outside of Tirana, resource centers remain few and far between, while those that do exist are rudimentary, providing access only to computer equipment, photocopying, and, in some, language training. Access to the Internet is very limited as there are no Internet Service Providers outside Tirana; expensive phone calls to Tirana are required to access the Internet. Internet access is a clear indicator of the general lack of access to information outside of the capital and explains the relative lack of development in the outlying regions. The few resource centers that do exist outside Tirana compete for information and have no network through which to distribute the information they have.

Organizational development services, very much a need within the NGO sector, are not widely available. ANTARC is the only organization offering such training, but it contracts its services to international NGOs and carries out most of its workshops in Kosovo. Over the medium term, the situation may improve somewhat as a new Albanian staffed NGO Resource Center will be established over the coming two years.

The creation of coalitions and partnerships is embryonic. Partnerships tend to be *ad hoc* and dissolve when the creative issue is resolved. Lack of trust in others is pervasive and makes long lasting relationships difficult.

PUBLIC IMAGE: 5.0

The public image of NGOs improved notably as a result of their response to the Kosovo crisis, during which the NGO community received considerable and favorable media attention for their efforts to deal with the influx of Kosovar refugees. When the refugees returned to Kosovo, much of the good work and the good media coverage of the NGO community came to an end.

Both NGOs and the media require training in order to solidify their relationship. The media lacks knowledge and understanding of NGOs' work and the role NGOs play in a civil society. NGOs, in turn, have little experience in working with the media. The media have

been relatively positive in educating the public about some NGO activities but do not analyze the underlying social problems being addressed by the NGOs. Media outlets do not accept Public Service Announcements (PSAs) without payment for their airing or publication; as a result, there are no PSAs.

Very few NGOs publish annual reports or accounts. A few extraordinary exceptions to this rule place both their reports and financial accounts on the Internet for public scrutiny. There is no Code of Ethics for NGOs in Albania.